GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:802
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SHORTAGE OF SMALL DENOMINATION OF COINS
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Will the Minister of FINANCE be pleased to state:

(a) whether there is acute shortage of small denomination of coins in the country ;

(b) if so, the reasons therefor; (

(c) whether the small denomination coins are being smuggled in a large scale to neighbouring countries for making jewellery for higher return ;

(d) if so, the details thereof; and

(e) the corrective steps taken/being taken by the Government in this regard?

Answer

MINISTER OF THE STATE IN MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a) to (d) : There have been some reports as well as complaints from public regarding shortage of coins in certain markets. There has been abnormal increase in the demand for coins within a span of 6 months. The same may be ascribed to:

(i) the reported melting of the cupro - nickel coins on account of higher intrinsic value due to increase in metal prices.
(ii) the reported melting of FSS coins for manufacture of blades and other uses in various parts of the country and Bangladesh.
(iii) hoarding by unscrupulous elements to take advantage of the situation.

(e) Following steps have been taken by the Reserve Bank of India:

(i) The Government has been minting Rs.2 coins in Ferritic Stainless Steel (FSS) instead of cupro-nickel since 2005 and has also decided to mint Rs.5 coin in FSS instead of cupro-nickel.

(ii) Minting of Re.1, Rs.2 and Rs.5 coins has been placed on fast track. Several issue offices of Reserve Bank of India held coin melas, distributed coins through mobile banks at market place etc. Reserve Bank of India has also advised select currency chest branches to do the same.

(iii) To cater to the large demand of hotels, restaurants, retail shops etc., distribution arrangements have been made through registered Association/Trade bodies wherever they have come forward for the purpose.

(iv) In Mumbai, arrangements have been made for distribution of coins through five post offices and similar arrangement is being put in place in other States.

(v) All the Banks have been advised to ensure distribution of coins through their currency chests, branches proactively and they have also been advised to identify some branches in each district for specific purpose of coin distribution.

(vi) Banks have been advised to consider installation of coin vending machines.